

car. It would take a long time, an average of 9 years, before that entire fleet of cars would be replaced with these new more fuel-efficient cars. So that is a long-term solution but a necessary and important one for us to take.

We also need to make sure we use good old-fashioned American ingenuity and technology to help us as we transition from this petroleum dependence we have now. It is not going to happen overnight. But for our friends who say that if we started pumping oil out of ANWR or the Outer Continental Shelf or from the oil shale in the West today, it would be years before that oil would get online. Unfortunately, that is where we put ourselves, as a result of the irrational moratoria on the development of American natural resources. It is going to take some time to transition into greater energy independence.

But for those of us who are concerned about the environment, we know we are going to have to continue to look for cleaner ways to drive and to fly and in terms of our energy needs. That is why it is so important that we use good old-fashioned American ingenuity and technology to help us find a way—development of things such as plug-in hybrid cars that can be plugged in and would charge a battery that could drive 40 miles or so before it would need to be recharged. That would help a lot of people who would only need such a vehicle, with a plug-in, to avoid petroleum products altogether. Then we would need to worry about the electricity, which is another story altogether.

There are some who have said that abusive speculation in the commodities futures markets is the cause of the problem. That is something we need to look at very closely. As a matter of fact, today, a number of us—43 Senators—have introduced legislation that we believe will create greater transparency and will finance more “cops on the beat,” so to speak, when it comes to the commodity futures market, to make sure that doesn’t contribute to the reason for prices going through the roof.

So we need to produce more energy right here at home so we don’t have to depend so much on those who wish us harm or those who would use the money from oil to buy weapons to kill us or our troops in Iraq or Afghanistan or elsewhere—or in the case of Iran, which we know is supplying troops and training to special forces in Iraq and Afghanistan and has threatened and, in some cases, is responsible for killing troops. We find ourselves dependent, in part, on countries such as Iran for the very oil we use to refine into gasoline to drive our cars. Does that make sense to anybody? It doesn’t make any sense to me.

I think what we need to do is produce more and use less oil as we transition into a cleaner, more independent energy economy. It would be better for our national security, better for our economy, and it will actually help us

control prices so hard-working American families will not be spending all the money they may have, which they would like to spend on other things, or which they need to spend on other things but cannot because of the increases in the high price of gasoline and oil, and they have to spend on those.

In conclusion—and I see the Senator from Utah, my friend, Mr. HATCH, who wishes to speak—if we will not do this when gasoline is \$4 a gallon, will we do this when gasoline is \$5 a gallon? If we will not do it when oil is \$135 a barrel, will we do it when oil is \$150 a barrel, or even higher?

The solution is not to sue OPEC to get them to open the spigot even wider to increase our dependency on foreign oil. The solution is not to raise taxes, which we know will reduce American production, while allowing foreign oil sources, such as Saudi Arabia, Venezuela, and Iran, to continue to operate without those taxes. The solution is not to increase taxes and costs on the consumer, who is already paying too much. We have it within our power to do something that will actually help the American people when it comes to the thing that most of them care a lot about today and that is the high price of gasoline.

Congress is the problem. It is high time our friends on the other side of the aisle, who control the agenda because they are in the majority, work with us to bring realistic solutions to this problem. We can do it but not if people play partisan games and refuse to cooperate on something that causes a lot of hardship to the average American family.

The PRESIDING OFFICER. The Senator from Utah is recognized.

TAX EXTENDERS

Mr. HATCH. Mr. President, I rise to discuss a very important issue. First, I compliment the Senator from Texas. I agree with virtually everything he said. There are so many things we need to do around here, and we are not doing them.

I will discuss an issue that each day becomes more troubling to me and also to many businesses and individuals in my home State of Utah—and I am sure yours as well—the fact that this Congress has not yet acted to extend the tax provisions that expired at the end of last year and those that are set to expire at the end of 2008. This failure to act is rapidly reaching a state of crisis in some industries, and our continuing inability to take care of this basic problem only reinforces the public’s low opinion of this institution.

I believe that every member of this Senate recognizes the importance of the expired and expiring tax provisions. While there may be some items on the growing list of extenders that do not enjoy universal support, there are clearly plenty of votes to easily provide a majority or even a super-major-

ity to pass them all, if it were not for the divisive question of offsetting the revenue loss.

The list includes some important items for individuals and businesses in every State. For families, there is the election to deduct State and local sales taxes, the deduction for higher education expenses, and the deduction for the out-of-pocket expenses of school teachers.

For businesses, expired or expiring provisions include those allowing faster depreciation write-offs for retail stores, restaurants, and other investment properties, a variety of important incentives that address our energy crisis, and the vital research credit, which I have championed here for many years.

The expiration of the energy provisions and the research credit are particularly troubling, for they signal the loss of economic growth and jobs at the worst possible time. As with many of my colleagues and their constituents, I have Utahns telling me that important research and energy-related projects are going to be cancelled if these provisions are not quickly extended.

Well, here we have a group of tax provisions that enjoys wide bipartisan support, and an economy that really needs to have access to these provisions at a time of slowdown and job loss. Many of my constituents do not get it. They are asking, why can’t Congress just get it done? What is the problem?

The problem is, as we all recognize, that my colleagues on the other side insist on attaching to the bill tax-raising measures in order to offset the revenue loss of the expiring provisions. And most Senators on my side of the aisle believe that tax increases are unnecessary and, in fact, ill-advised and harmful to our economy, both today and in the future. Unfortunately, we appear to have reached an impasse on this point.

Contrary to what some proponents of offsets are saying about Republican motives in this matter, our stance is not about trying to protect a few wealthy hedge fund managers who are parking billions of dollars offshore in deferred compensation. Rather, we believe that this debate is about America’s future prosperity.

Democrats are saying that in order to be fiscally responsible, taxes need to go up to pay for the loss in revenue from keeping these tax provisions in place. Their so-called “pay-as-you-go” or “pay-go,” rules call for all revenue losses to be matched with revenue increases, or spending decreases, from somewhere else. Forget spending decreases; it just means tax increases.

In theory, this sounds pretty good, and quite responsible. I am a strong believer in being fiscally responsible, and I am as loathe to pass on our huge national debt to our children as anyone in the history of the Congress.

The problem is that to most Democrats, the word PAYGO is nothing

more than a synonym for more taxes. We seldom, if ever, see the idea of reducing spending brought up by the other side as a way of offsetting the loss of revenue from extending these important tax provisions.

In fact, there is a major flaw in the Democrats' pay-go requirement that you never hear them mention. Pay-go applies only to the revenue loss from extending the tax cuts, but not to the revenue loss from extending spending programs that expire. You might never know it from listening to the debate around here, but it is not just tax provisions that expire. Extending both tax benefits and spending programs costs Federal revenue. Why should not both be offset?

However, the budget rules assume that the expiring spending provisions are automatically renewed as a matter of course, with absolutely no requirement that the lost revenue be offset. This mismatch in budget policy produces a huge bias toward bigger Government and more taxes—something my colleagues on the other side just love.

Some may well ask, why shouldn't we pay for the lost revenue from extending the expired and expiring tax provisions?

My answer to Utahns who ask me this question comes in three parts:

First, it is wrong to raise taxes on one group of taxpayers in order to prevent another group of taxpayers from suffering an increase in taxes. Democrats and Republicans alike have resoundingly agreed with this principle in connection with the alternative minimum tax. Both parties in both Houses last year overwhelmingly passed the so-called "AMT patch" without offsets, and it is widely expected that we will do the same thing again this year.

Second, it is wrong to offset temporary extensions of current law with permanent tax increases. The fact that this has been done year after year does not make this practice a sound one. In fact, using permanent tax increases to offset temporary extensions simply means that, in the long run, the extenders have been paid for again and again.

Finally, why should we increase taxes when we are already collecting more taxes as a percentage of gross domestic product than the historical average? Despite the large tax cuts passed by Congress and signed by the President in the early part of this decade, the amount of tax collected as compared to the size of the economy just keeps increasing; yet, the majority insists on expanding the Government's pocketbook even further. At a time when gas prices have increased by 10 cents over the past two weeks to a national average of \$4.07 and home foreclosures are on the rise, I believe we need to put money back in the taxpayer's pockets, not take more out.

According to the other side, the pay-go rules require us to provide tax in-

creases in order to keep the deficit from increasing. Time and again, however, the Democrats themselves admit that the pay-go rules are not practical. We all know that.

For example, it was not deemed necessary to offset the revenue loss of the economic stimulus package we passed early this year. We did not offset the package of tax benefits for military personnel that was recently enacted. And there has been a long internal debate on the other side about whether unemployment benefits need to be offset. It appears to me that the Democratic pay-go requirement is more a slogan of convenience than a bedrock principle.

Many in the business community are frustrated by our lack of action in extending the expired tax provisions. I understand and share this frustration with them. I have fought for years to improve, extend, and expand many of these provisions, such as the research credit.

However, I believe those in the business community who are encouraging us to simply go along with the flawed bill the House of Representatives has sent us are being very shortsighted. Many in the business lobbies have looked at the offsets in that bill and have said that since they do not affect them very much, that we should go ahead and approve them.

If we go along with these offsets to extend the expired provisions until the end of this year, what are we going to use to pay for next year's extension? Sure, the business community might be fine with these offsets now, but how long until we get to the offsets that really hit them hard? All of us, including the business community, need to take a longer view of this and examine the principles involved.

We cannot drive our economy into the ground in the name of false fiscal responsibility. Tax increases are not the prescription to what ails our economy, particularly during this downturn and especially when revenue is already higher than the historical average. Yes, we should pass the extenders, but let us not sacrifice jobs on the altar of a flawed pay-go requirement in the process.

The cost of living for Americans is becoming unbearable. In my home State of Utah, the average price of gas is \$4.07, construction of new homes has ceased, and unemployment is on the rise. We should be spending less and lowering taxes, not holding back tax incentives that are vital to economic growth and job creation while raising taxes.

If my colleagues on the other side want to be fiscally responsible, then I am all for it. Let us work together to identify enough spending cuts to offset the cost of extenders. But if we cannot do that, let us not hold these important tax provisions hostage to a false sense of fiscal responsibility.

I notice the distinguished majority whip is here, so I will try to finish as quickly as I can.

MEDICARE IMPROVEMENTS

Mr. HATCH. I wish to say a few words about why I oppose the cloture motion on the motion to proceed on H.R. 6331, the Medicare Improvements for Patients and Providers Act. As I said last week when we were considering the cloture motion on the Baucus Medicare bill, my goal is to have bipartisan legislation signed into law by the President on July 1. Let me be clear, I wish to continue to work with my colleagues on the other side of the aisle in order to get this done. We were so close to an agreement in the Senate earlier in the week, but after the House voted on Tuesday, those discussions basically stopped, although we can put this together in 10 minutes if we work in a bipartisan way.

To be honest, the House Medicare bill, H.R. 6331, contains many provisions that both sides strongly support. These provisions include restoring Medicare reimbursement rates for physicians so their Medicare payments are not reduced by 10.6 percent on July 1.

Let me be clear, no one wants to cut Medicare reimbursements for doctors. We want Medicare beneficiaries to continue to have access to high-quality health care and the ability to see their own doctors.

There is not just one Medicare bill. The Baucus Medicare bill; the Grassley Medicare bill, which I cosponsored; and H.R. 6331 all include provisions to restore physician payments. All three bills include provisions on e-prescribing. Mandatory e-prescribing will significantly reduce medical errors, thus protecting beneficiaries.

Another issue that has overwhelming support is the delay of the competitive bidding program. I was a member of the House-Senate conference committee on the Medicare Modernization Act of 2003. Even back then, Senator GRASSLEY and I expressed grave concerns about the inclusion of the Medicare competitive bidding program. I worried about the impact it would have on small durable medical equipment companies, particularly those in rural areas. I am still concerned because there are many unanswered questions about the bidding process and how the winning bids were selected. If we do not come to an agreement by July 1, this program will go into effect.

A related issue that is included in all three Medicare bills is the elimination of the clinical lab competitive bidding program. There was broad support to repeal the clinical lab competitive bidding program as well.

There are rural provisions included in all three bills that are very important to my home State of Utah, which has many rural areas.

These provisions improve payments for sole community hospitals, critical access hospitals, and increase ambulance reimbursement rates in both rural and urban areas.

All three bills include a policy to create a bundle payment system for end-stage renal disease, or ESRD, services